



LMC BRUSSELS MONTHLY UPDATE

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Unfair Trading Practices (UTP)—The European Commission (EC) has published a legislative proposal (a Directive) tackling UTPs in the food supply chain. It establishes a minimum list of prohibited UTPs between a supplier that is a small and medium-sized enterprise and a buyer that is not a small and medium-sized enterprise. It also lays down minimum rules concerning the enforcement, including sanctions. It will cover agricultural products and products processed from agricultural products. It will also apply to non-EU suppliers to avoid unintended distorting effects. UTPs to be banned include late payments for perishable food products, last minute order cancellations, unilateral or retroactive changes to contracts, and forcing the supplier to pay for wasted or unsold products. The [proposal](#) has been submitted together with an [impact assessment](#) to the co-legislators (European Parliament and Council) for adoption. The Agri Council held a debate on the proposal during its April meeting. Initial reactions have been almost unanimously positive with only two exceptions: Denmark and the UK. The latter was sceptical about the need of EU-wide legislations as their view is that issues in the supply chain are best addressed with measures at national level. The Commission foresees as a next step to turn to the issue of market transparency. An initiative in this field will be published in the second half of 2018.

Risk assessment in the food chain—The EC has published a [legislative proposal](#) on transparency and sustainability of the EU risk assessment model in the food chain. This proposal is a revision of the General Food Law Regulation and also amends 8 sectorial legislative acts dealing with the food chain and it intends to overcome the need for further transparency of scientific studies and the risk assessment process in the agri-food. Among the main measures foreseen, all studies and supporting information that are submitted to the European Food Safety Agency (EFSA) for risk assessments will have to be made public proactively and automatically at the very early stage of the process—confidential information will be protected in justified circumstances—, a common European Register of commissioned studies will be created, EFSA will be able to request additional studies financed by the EU budget, consultation of stakeholders and the public on studies submitted by industry to support product authorisation requests will be required, and Member States' involvement in EFSA's governance structure and scientific panels will be increased. The EC foresees the adoption of the legislative proposal by mid-2019.

African Swine Fever (ASF)—Hungary has [reported](#) to the World Organisation for Animal Health (OIE) the first case of ASF, becoming the 7th EU country affected after Poland, the Czech Republic, Romania, Estonia, Latvia and Lithuania, so it confirms it is moving west. The outbreak was localised in the area of Heves, close to the border with Slovakia, in a wild boar carcass. According to the report submitted by the Hungarian authorities to the OIE, the most likely source of the infection is food waste introduced by citizens working in large numbers in industrial facilities located in this area. However, the detailed epidemiological investigation is still ongoing.

Meat imports from Brazil suspended—EU Member States have agreed to block imports from [20 Brazilian meat plants](#) after an EU audit last year found extensive hygiene problems. The [Regulation](#) should be adopted and published by the end of May or the right beginning of June. It aims at delisting 21 EU-approved Brazilian meat establishments, out of which one beef establishment and 20 poultry meat establishments, out of 74 that are currently approved (28%).

Trade EU-México—The EU and Mexico reached [a new agreement in principle](#) so practically all trade in goods

between them will now be duty-free, including in the agricultural sector. Agricultural exports from the EU are set to benefit the most. The agreement will provide for instance preferential access for many cheeses; secure a considerable volume for milk powder exports, starting with 30,000 tonnes from entry into force, rising to 50,000 tonnes after 5 years; and allow the EU to substantially increase its pork exports to Mexico, with duty-free trade for virtually all pork products. Increased access for Mexican beef to the EU market has also been negotiated, much to the regret of EU farmers, as [expressed by Copa and Cogeca](#). Based on this agreement in principle, negotiators will continue their work to resolve the remaining technical issues and finalise the full legal text by the end of the year to submit for approval by the European Parliament and Council of the European Union.

Trade EU-Iceland—[EU-Iceland agreements](#) giving greater market access and protection for EU agri-food products in Iceland entered into force on 1 May, allowing an increase of duty-free access to Iceland's market from 66,4% to more than 95% of EU agri-food products. It also offers protection in Iceland to 1150 names registered as EU geographical indications. It covers the vast majority of EU agricultural products, including beef, pig meat, and cheese for which quotas will be substantially increased. The EU has also increased or established quotas for many of these same products from Iceland, as well as for the typical Icelandic dairy product skyr.

Trade EU-Norway—The European Parliament also approved in April further preferences for [EU-Norway trade](#) in agricultural products, granting each other duty free access to 36 new products. Norway increases zero rate tariff quota for products originating in the EU, including bovine meat (+1600 t), preserved meat products (+200 t), cheese and curd (+1200 t), flowers and plants, corn (+5000 t), sausages (+200 t) and a 15 NOK/kg rate quota for pork (+300 t). The EU also increases zero rate quota for products originating in Norway, including preserved meat (+300 t), whey products (+4400 t), flowers (€+500,000), potato chips (150 t), animal feed (+200 t) and albumins (+500 t). The existing quota for sheep and goat meat is merged. The agreement will enter into force after the Council and Norway have formally approved it.

Trade EU-Japan—Also this month, the text of the [EU-Japan Economic Partnership](#) agreement was presented to the Council. This is the first step towards the ratification and conclusion of the agreement, which may enter into force in 2019. Once the agreement is fully implemented, Japan will have scrapped customs duties on 97% of goods imported from the EU (in tariff lines), with the remaining tariff lines being subject to partial liberalisation through tariff rate quotas or tariff reductions. This, in turn, will save EU exporters around €1 billion in customs duties per year. Over time around 85% of EU agri-food products (in tariff lines) will be allowed to enter Japan entirely duty-free. This corresponds to 87% of current agri-food exports by value.

EU Protein Plan—The European Parliament has adopted a [non-legislative resolution](#) calling for an ambitious plan to increase protein crops production in Europe and highlighting the benefits of protein crops, including benefits to the environment and reduction of input costs (they contribute to the reduction of use of fertilisers). The resolution takes the view that a mobilisation and coordination of several EU policies will be needed. In particular, MEPs consider the CAP should support protein crop cultivation by means of the voluntary coupled payment for all protein crops in all regions, not only those in difficulty; the greening payment and the second pillar. MEPs also stress the need to introduce new instruments to help increase the supply of plant proteins and they call for further research and development efforts and investment. The resolution takes the view that it is necessary to secure Europe's autonomy in soya supplies by cooperating more closely with our neighbourhood, and to diversify the sourcing sustainability of non-EU-produced proteins.

Organic food—The European Parliament has voted in favour of new rules on organic food to update the existing ones in response to major changes that have transformed the sector. Main features of the approved text include stricter controls, fairer competition –imports will have to comply with the same rules as producers in the EU–, anti-contamination rules including the obligation of new precautionary measures, and other measures to allow increasing supply of organic seeds and animals. Farmers will be allowed to produce conventional products in addition to organic ones, but the two farming activities must be clearly and effectively separated and group certification for small producers will be allowed to save them time and money when turning organic. The [agreed text](#) will have to be formally approved by the Council (in May) and it shall apply from 1st January 2021.

We have a shared farming future after Brexit, say British and European farmers

The AHDB Brussels office organised on the 26th April a seminar on “Brexit: Our Shared Farming Future”, together with the NFU Brussels office, the German Farmers' Association (Deutscher Bauernverband), the Danish Agriculture & Food Council (Landbrug & Fødevarer), and the Dutch Federation of Agriculture and Horticulture (LTO Nederland).

With less than a year until the UK leaves the European Union, our event was the first real “agri-Brexit” event in Brussels and the main aim was joining forces to stress the importance of strong partnership in agri-food trade after Brexit. Farming chiefs from the EU and the UK reiterated the need for certainty and demanded that all politicians prioritise the business of food production during the Brexit negotiations.

130 people attended and key note speakers included the member of the European Commission’s Article 50 Taskforce dealing with agricultural issues, Balázs Bence Tóth, and the deputy Permanent Representative of Denmark to the EU, Vibeke Pasternak Jørgensen.

Mr Tóth updated our audience on the state-of-play of Brexit negotiations and pointed at some issues still to be solved in the agricultural sector, such as those related with geographical indications. He also stressed what Barnier has already said in several occasions – if the UK is to change its red lines, the European Council would be ready to change its guidelines as well. However, the EU’s main objective will always be to protect the Customs Union and the Single Market so as things stand at the moment, friction in trade is impossible to avoid. One thing was clear for the speakers - whatever the outcome of the negotiations is, we are looking at a lose-lose scenario, as Ambassador Pasternak Jørgensen highlighted, and the biggest concern for her government is the fact that time is running out, so a UK position is urgently needed.

Farming chiefs also shared the frustration of the lack of clarity but underlined that they have always been very clear on what they need: inside or outside of the EU they need an environment that allows farmers to be as efficient, innovative and competitive as possible. They have therefore called for a comprehensive and sustainable agreement with the EU that allows trade as frictionless as possible.

Concerns about implications of Brexit in the agricultural sector are of course also shared by the private sector. Representatives from Arla Foods and Bayern explained to the audience how the exit of the UK will affect their businesses and how they are hoping for the best but preparing for the worst.

The AHDB Chair Peter Kendall, also referred to Brexit preparation in his keynote speech. He talked about the work developed by AHDB and our Horizon reports and particularly stress that the best way to prepare is to be united, insisting in the need to maintain a close relationship with other EU partners. This call for unity was seconded by other speakers as well, in a clear demonstration that we have a shared farming future despite challenges ahead.

